Fabian International Bureau

THE COMMON MARKET DEBATE

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ONE SHILLING AND SIXPENCE
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DOUGLAS JAY:

NOT ON MR. HEATH'S TERMS

There are four questions which get mixed up in this discussion: and for clarity's sake, I will distinguish them at the start.

First, is it desirable that this country should join international institutions? The answer is in general, yes: but not any institution; not, for instance, the Pan-Arab League, or even the Warsaw Pact. The serious question is which.

Secondly, should continental Europe associate more closely together politically? Yes, provided it does so in a way that does not needlessly exacerbate the Cold War.

Thirdly, should this country associate with continental Europe? Yes, provided the organisations we join are democratic, are necessary, like N.A.T.O., or genuinely open for all like the O.E.C.D.

Fourth, a totally different question: should the U.K. sign the Rome Treaty on terms anything like those now proposed by Mr. Macmillan and Mr. Heath? The answer to that is no, for the reasons which I will now give.

THE POLITICAL ISSUES

Is it wise for the U.K. to sign the Rome Treaty on the terms proposed? Politically, there are, I believe, five substantial reasons for concluding that it is not; and these I summarise briefly.

(1) The E.E.C. is not the sort of international organisation we ought to join. There is an overwhelming case for the surrender of sovereignty by the U.K. to the U.N., which is universal, and offers some hope of security, disarmament and freedom from war. There is no case for such a surrender to an organisation representing one corner of one continent, and offering no benefits in return. The suggestion that this country should be politically more closely united with Germany or Italy than New Zealand and Australia is both ridiculous and abhorrent to any sane man.

You may say: why should there be a strong case for Germany, Italy and France uniting in this way, but not for the U.K. doing so? There are, I think, several plain reasons for making this distinction. We are members of the Commonwealth, and they are not. If one contemplates marriage, it does matter if you're married already. We import nearly half our food imports from outside Europe, and they do not. We have a proved and stable system of parliamentary government, and would therefore lose greatly by surrendering power to an arbitrary bureaucracy.
(2) Secondly, the Rome Treaty divides and must divide Europe. By offering association only on social and economic terms, which are unacceptable to Poland, Yugoslavia, Czechoslovakia, Hungary, Bulgaria, Rumania, Russia, and perhaps others, it hardens the division of Europe, embitters the suspicions of the East, and so makes war more and not less likely. Dr. Adenauer believes that the world ends on the Elbe, and that only barbarians are to be found beyond. But he is a thousand years out of date. We are sometimes told that the Rome Treaty is a vision of idealistic youth—such as, I suppose, Dr. Adenauer, General de Gaulle and Sir Oswald Mosley. It would be truer to say that the whole mystique springs from the nostalgia of Dr. Adenauer for the Holy Roman Empire.

(3) Thirdly, adherence by Britain on the terms now suggested would be bound to damage, if not disrupt, the Commonwealth. If you doubt that, ask the Indians, New Zealanders or Australians what they think. The argument that we shall somehow benefit the Commonwealth countries by shutting out their trade is one of the most hypocritical pieces of rubbish I have heard since Mr. Chamberlain’s speeches at the time of Munich. In fact, we should harm ourselves and the Commonwealth at the same time. The Commonwealth is far more valuable to the British people than any corner of Europe can ever be, because there are genuine bonds of language, history, friendship and loyalty between the peoples and not just the governments; because so many of us buy most of our essential goods from one another; because almost all of us genuinely believe in parliamentary government; and because the association bridges the gulf between colours and continents and between rich and poor. We ought to regard as the most hopeful fact in the contemporary world that almost every newly independent Commonwealth country chose freely to stay within the club. Yet we now have seen the extraordinary spectacle at the London Commonwealth conference of the new members demonstrating their loyalty, and a British Tory Government outraging it. The Tories no longer believe in the Commonwealth, because it has ceased to be an Empire. For socialists to fall into the same pathetic fallacy would be a disastrous folly. In any case, to sacrifice deliberately the countries who came quickest to our help in the war and after would be insufferably sordid as well as insufferably stupid.

(4) Fourth, the E.E.C. is a bureaucracy and not a democracy. Essential power is in the hands of the Commission, which is responsible neither to the member governments nor electorates, nor to the assembly of the community, nor on many points even to the Council of Ministers. The elected governments of the member countries would have no representative at all on the Commission, as they have in U.N.O., N.A.T.O., O.E.C.D. and the rest. Commission members are sworn under the Treaty not even to receive advice
from the member governments. Yet the Commission can reach so-called decisions, which would become binding as law in the British courts without the British Government, Parliament or electorate having been consulted. Even the Lord Chancellor now admits that this is true. Our lives could be controlled by men in no way responsible to us. This is not a constitution which could be accepted by anyone who believes in the rights of man, let alone parliamentary democracy.

(5) Adherence on these terms would before long heavily curtail the influence of the U.K. in the world, because it would damage the Commonwealth. We have a smaller population, growing more slowly, than West Germany; and are therefore on our own weaker economically and militarily. Our influence in the world, our claim to appear at summit conferences and so forth rests (partly perhaps on nuclear weapons) but mainly on the fact that we were till 1962 the centre of the Commonwealth. Commit the stupendous folly of wantonly destroying Commonwealth loyalty, which the present government has already so much damaged, and we should become, gradually but certainly, a second-rate Germany—not a pleasant prospect to me. Indeed, if the federalists had their way, the U.K. would cease, I suppose, to be a member of the U.N.; while Ghana, Nigeria, Kenya, Rumania and Formosa would still belong.

THE ECONOMIC ISSUES

THAT is what it all comes to politically. Economically, we are asked to introduce a system of tariff preferences against our friends who happen to produce efficiently and cheaply most of the goods we need most, and in favour of foreign countries who produce almost none of them. This folly, strangely enough, would be highly damaging to these Commonwealth countries, but even more disastrously so to the 50 millions of us who live in these islands.

Those who do not yet understand this, are, I fear, ignorant of the basic facts of international trade and particularly the nature of our own trade with the outside world. Because we are a food importing country, which has practised free trade in food and materials for over 100 years, and because the Continent still sticks to the agricultural protectionism of the eighteenth century, a common external tariff which means a small move towards freer trade for the Six, means for us the biggest step towards protection since 1846. We should raise tariffs on imports worth nearly three times those on which we would lower them. It is for economic and physical reasons that 85 per cent. of our trade is done with the world outside the Common Market, and nearly 40 per cent. with the Commonwealth. We buy our food mainly from the cheapest and most efficient producers in the world, who happen to be in the Commonwealth; and on this rests more than anything else our high standard of living and exporting power. We combine this with an
excellent system of subsidies, which enables us to sustain agriculture and aid the poor consumer at the same time.

If you abandon all this, and raise the price of food in this country—meat and dairy products might well be doubled—you raise the export price in sterling which a British manufacturer has to charge in order to pay the same level of real wages to his workers. Therefore, a transition from cheaper to dearer food in the U.K. must lower living standards, or damage exports, or more probably both. That is the worst threat economically from the Macmillan-Heath proposals.

Therefore, if we are to switch from buying low-cost efficiently produced food from the Commonwealth to buying dear inefficiently produced food from France and Germany, we shall make our imports dearer and our exports harder to sell, at the same time. To do this, gratuitously, for no benefit in return, after the last 17 years’ experience of our balance of payments troubles, would be an act of almost incredible stupidity.

FOOD IMPORT LEVIES

But it is worse than that. Mr. Heath proposes to agree to actual preferences against the Commonwealth, and a system of food import taxes, which would probably get higher and higher, in order to bolster up inefficient French and German farmers at the expense of the poorer British consumer. The revenue from these levies, raised largely from British consumers, would not even be British Government revenue available to spend on social services, but would go to the Commission to be used for pensioning off Continental farmers, or subsidising the sales of their expensive unsaleable products outside Europe in competition with Commonwealth food excluded from the British market. This would further worsen our terms of trade, because the levies would be paid back across the exchanges. This is what is called the European spirit. It is a suggestion so outrageous that I think even Mr. Neville Chamberlain would have turned it down. Mr. Heath has meekly accepted it; and Mr. Roy Jenkins loyally defends it.

I need hardly add that the so-called safeguards which Mr. Heath has obtained in return are worthless. The French have agreed that they will talk sometime about some prices and some hypothetical world commodity agreements. This verbiage is worth as much as the famous piece of paper which Mr. Chamberlain brought home from Munich, which was praised by almost all the British press, which deceived two-thirds of the Tory party, the whole of the City of London, and even—for some months—some muddle-headed members of the Labour Party.

Some people—at any rate Mr. Heath—profess to think that, by accepting his bargain, this country would gain exports to the Six which would offset all these disadvantages. They forget, or do not know, that as 85 per cent. of our exports go to markets other than the Six, any gain in them is likely to be more than cancelled by the loss of the
E.F.T.A. preferences we would otherwise enjoy, the loss of Commonwealth preference we are bound to suffer if we follow this course, and the loss of exports all over the world due to higher costs.

**COMMONWEALTH TRADE**

Not only does the Commonwealth to-day take 35 per cent. of our exports, or double that taken by the Six, but the Commonwealth happens to have a population of nearly 700 millions, compared to nearly 200 millions in the Six; and the Commonwealth’s population is bound to increase faster in the future. The percentage of our trade going to the Commonwealth has actually increased in the last 25 years. Here Mr. Heath’s propagandists have indulged in a pitifully shabby trick. As the Commonwealth helped to supply us at the time of war need and after, when the Six were engaged in occupying or exterminating one another, naturally the Commonwealth proportion of total trade rose. When, after 1945, the four occupied members of the Six had been rescued with the help of the Commonwealth from the other two, naturally the proportion reverted to normal. So Mr. Heath picks out the second chapter of the story and pretends that Commonwealth trade is steadily declining. The actual figures are as follows. We sent 31.6 per cent. of our exports to the Commonwealth in 1938, 35 per cent. in 1945, and 34.5 per cent. in 1961. We took 34.2 per cent. of our imports from the Commonwealth in 1938, 38.5 per cent. in 1945, and 35.3 per cent. in 1961. This particular method of misrepresentation, which consists of discrediting one’s best friends with deliberate falsehoods, seems to me peculiarly unattractive.

The other major fallacy over exports is the failure to realise that our exports to the Six have been increasing anyway, just about as fast as the Six’s exports to one another, without our signing the Rome Treaty at all. The whole idea that if we do not sign the Treaty, we shall be ‘excluded’ or ‘isolated’ from this part of Europe is just a piece of moonshine. The whole operation would make much less difference to exports one way or the other than is generally supposed. But on balance it would be as likely to mean loss as gain. That is the view of Sir Donald McDougall, chief economist of N.E.D.C., and most other British economists who have seriously studied the issue.

When you also allow for the fact that the U.S. Trade Expansion Act (which is not mainly dependent on our signing the Rome Treaty) will give our exports very nearly the same advantage in the Six and the U.S. and greater advantages elsewhere; that the whole world will gain far more widely; and that no damage will be done to the Commonwealth; there is really no doubt that all those economists are right who think that the latter is far the better alternative.

Sir Donald’s analysis, and the passing of the Trade Expansion Act, entirely destroy the main economic argument with which Mr. Macmillan, Mr. Heath and Mr. Roy Jenkins have been asking us for twelve months to damage the Commonwealth and hand over the authority of the British
Parliament to this odd bureaucracy. So far none of the three of them have either produced an answer, or apparently noticed that, if there is not one, their whole case falls to the ground.

Mr. Heath's present proposals are also a flat reversal of the whole policy of generous aid to under-developed countries for which the Labour movement stands. The best way to aid these countries is to buy their goods. The richer countries ought to buy their products more freely, not less. By Mr. Heath's proposals, so far from doing this, we put new barriers in the way of exports from India, Pakistan, Ceylon and the rest. This is both wrong and foolish, because it is likely to drive Asians into Communist hands.

CONSERVATIVE POLICY

But you may say, if all this is true, how could any British government have embarked on so foolish an adventure? If you ask this question, you do not know the British Tory party. You might have asked the same about Munich or Suez. I will tell you the answer. Mr. Macmillan, giving way to pressure from the Americans, committed himself before he and the Government had examined the economics of the problem. No serious inquiry into the economic effects on the U.K. was undertaken until two months after the application to join the E.E.C. had been made. Now Ministers do not like to admit they are wrong.

Secondly, ask any banker or industrialist in private what his reason is for wanting us to enter the Common Market and he will tell you that it would discipline labour and put the trade unions in their place. That is exactly what the corresponding people said in 1925 when they advised the then Tory Government to go back to the gold standard at the old parity of the pound, with consequences we all know.

The Tories also like the Rome Treaty because it is certainly a threat to any sort of internal planning and progressive social policy by any future Labour government in this country. From a social and economic point of view, the Rome Treaty must be one of the most reactionary documents published since 1918. I will give you two examples. The right of uncontrolled movement of private capital from one country to another is permanently guaranteed by a clause in the Treaty; but full employment is not. No wonder the merchant bankers like it. This freedom given to private capital would, I believe, undermine much of our even existing controls over location of industry in this country; and none of the Six have corresponding controls. But when the T.U.C. asked Mr. Heath to get full employment put on a level with freedom of private capital, he dared not even mention the idea in Brussels, because he knew everyone would be so deeply shocked. This time he had not even the courage to wave his umbrella! For full employment is an even dirtier phrase to the men of Brussels than collective security was to the men of Munich.

Then the Rome Treaty, unlike almost any other treaty since 1945, takes away the power of governments in balance of payments
crises to impose import or exchange controls at their own discretion. It puts—again almost alone since 1945—the whole onus of correcting a crisis on the debtor rather than the creditor country, and so gives the whole unit a built-in bias towards deflation rather than expansion. This means that not merely would the U.K.'s balance of payments be basically worsened, but the power to cope with the results would be taken out of our hands. In that case, it is not really honest to pretend that a Labour government could carry out any expansionist policy such as that in Signposts for the Sixties. No wonder Dr. Erhard has said that national planning would be impossible under the Rome Treaty, and the Director-General for Competition in the Commission itself says that "All that happens in the economic field in the E.E.C. is to be the result of free competition and not of dirigist measures."

It is perhaps hardly worth adding that the whole bias of the Commission will be towards reactionary social policies; food taxes based on the poor, instead of subsidies which help them; indirect taxes instead of direct; social insurance levies from the employees rather than from general taxation; all the things the Tory party has fought for and the Labour party against for the last fifty years. The Rome Treaty unquestionably gives wide if unspecified powers to the Commission to interfere in taxation and social services. Of course we are told that the social services of the Six are now better than ours. Here one ounce of hard fact is worth oceans of treachy propaganda. The one service in the Six (other than French family allowances) claimed to be better than ours is the German old age pension. In fact, the pension now received in Germany by a retired manual worker couple averages 80s. per week compared with a minimum of 92s. 6d. in this country after ten years of Tory rule.

From what I have said, you will gather that I do not think it would be a very good idea to sign the Rome Treaty on Mr. Heath's terms. To do so would certainly damage the Commonwealth; injure democracy in this country; make economic planning and social progress here harder; would probably harden the division of Europe; and might as easily harm as help this country economically. We should be incurring quite certain political injuries at home and abroad for the sake of economic gains which are at the best negligible or negative.

AN ELECTION

It therefore seems to me beyond argument among democrats, let alone radicals, that a General Election must be held before any decision is taken. There are several special reasons for this. First, the Government's present policy was never mentioned at the last election at all. Secondly, far-reaching changes in the powers of Parliament and the British electorate over their own affairs are at stake. Thirdly the Rome Treaty purports to be irrevocable, and there is a plain clash between this claim and the fundamental right of the British Parliament to reverse any decision which it has itself taken. Fourth, it has long been the
tradition that a British government embarking on a wholly new policy (not involving immediate decisions such as war) should seek a mandate from the country, as Mr. Baldwin did in 1923 and Mr. Asquith in 1910. Some have argued that, if an election were held, no clear choice would be laid before the public, because other issues would be contested. This is nonsense. At all elections many issues are disputed. This does not mean that no government ever has a mandate for anything. In the present case, if the government does not obtain much better terms, a clear choice would be offered. The Labour Party would officially oppose signing the Rome Treaty except on much better terms. The Tories would support signing on surrender terms. This is the real practical choice before us; and in the event a government would be elected with a mandate for one course or the other.

If Mr. Macmillan, in these exceptional circumstances, refuses to consult the electorate, I do not believe that they or the next parliament or government, can be morally bound by any decision he takes. Certainly they are not constitutionally bound. What the British parliament does, it can undo. Any act can be repealed, and there is no distinction in our law or constitution between revocable and irrevocable acts. Naturally, by sensible tradition, a government does not normally reverse a treaty signed by a previous government. But the moral case for observing this tradition would break down if a government forced through a fundamental change in our constitution, against the wishes of the main Commonwealth governments, against the view of the other leading party in the State, against a large section of the government's own supporters, without any mandate from the previous election, and without consulting the country again. For any government to do this would be unprecedented. For one as weak, unrepresentative and discredited as the present, would be utterly indefensible.

I believe therefore that, if Mr. Macmillan tries to force through an unacceptable bargain of this kind, the Labour Party should formally declare that the next parliament and government cannot be morally bound by it.
ROY JENKINS:

PRINCIPLES, NOT DETAILS

What is the positive case for Britain joining Europe? First the economic case, even though we would probably agree that this is less central than the political case. Let me begin by assuring Mr. Jay that my economic reasons for wanting to go in are not that I believe there is going to be a vast switch of our exports from the Commonwealth to the Common Market. To some extent a gradual switch in this direction has been taking place for some time past. Over the ten years to 1961 the proportion of our exports going to the Commonwealth fell from 50 per cent. to 38 per cent., and the proportion to the Six rose from 11 per cent. to 17 per cent. The reaction of the anti-marketeers to these two sets of figures is somewhat contradictory. When confronted with the absolute figures they say this shows how much more important the Commonwealth is and that we do not need to worry about Europe. When confronted with the trend they say that shows how splendidly we are doing in Europe without going into the Common Market. But it is precisely because our manufacturers are worrying about Europe, and precisely because our export effort, on the assumption that we are going in, has been greatly stepped up to Europe, where it must be said markets do not open and close with quite such bewildering rapidity as they have done in the Commonwealth recently, that we are doing so well. If we recoil from Europe, we will recoil too from the export effort which has produced this result.

Of course the truth is that both Europe and the Commonwealth are vitally important to us as markets, and our success in these and third markets depends essentially upon our underlying competitive position. I think it depends more upon that than upon any preferences which we may, or may not, enjoy, whether in the Commonwealth or in the Common Market. If this is not so, how are we to explain the fact that even without Imperial preference our competitors in the Six have been doing much better than we have in our own Commonwealth? Therefore what we are discussing here is not a question of a preference here or there, but of our underlying competitive position.

THE SIZE OF THE MARKET

From this point of view I think that the size of the market, the size of the home base, is of great importance. If we go in we shall have behind us a home base, a unified home market as it were, of 220 million people. If we stay out we shall be the only major exporter of manufactured goods in the world without a market of over 100 million people. The Americans have got it, the Russians have got it, even Japan, a
marginal one, is just over a hundred million people. I do not think that we can afford to put ourselves at such a unique disadvantage. This I think is the main factor that has to be weighed up; not so much the immediate effect on our exports, but the longer term effect on our industrial structure and consequently our competitive position, of our going in or staying out. It is not a question of how much we gain in preference in Europe as against what we may lose in the Commonwealth, it is not a question of a huge switch of trade from the Commonwealth to Europe. It is a question of giving our whole export effort a new strength which it has been so sadly lacking, on the basis of which we can improve our performance in Europe, in the Commonwealth and in third markets. Therefore I cannot accept the view that the economic case is just fifty-fifty.

There are some factors on the other side, there is the one to which Mr. Jay has often referred in his writings. The question of the increase in food prices, though I think probably that he and others give too much weight to this, and rather exaggerate the extent to which it is going to take place. I would have thought that the most likely thing was that food prices might go up by perhaps 7 per cent. over a period of seven years, and that of course in itself is certainly undesirable. But when one considers that retail prices have gone up by about 5 per cent. in 1961 alone, one can hardly regard it as a decisive factor on the basis of which we should determine our whole future political and economic position in the world. Furthermore, it will be balanced to some extent by a decline in the price of imported manufactured goods. Is the present situation, in which nearly £350 million in deficiency payments p.a. are paid to the farmers entirely satisfactory? Do we want this to go on in any case? If this system ends, there will be a saving to the Exchequer which can be used in a variety of ways. The ways in which it is used depends upon the Government which is in power as the new system comes into force, but it is quite wrong to assume that the change will necessarily be a regressive change. There is no reason at all why the money saved and made available to the Exchequer should not be used in ways that all of us would regard as highly desirable.

THE STERLING AREA

There is one further economic point, and only one further one, which I want to make. In recent years our economy has suffered greatly from carrying the excessive burden of the sterling area. Indeed, if one looked at the position in the world from outside and was told that there were two major reserve currencies, the pound and the dollar, and one, the greater one from the world point of view, was based on the slender base of the United Kingdom economy, while the other was based on the United States economy, it would seem a very odd way of arranging things. On the face of it, it would clearly be much better if one had one based on America and the other based on Europe as a whole, as the main part of the rest of the developed world what
is basically the same point can be expressed from a different angle; it illustrates another aspect of the argument. Some people, not very many, I think now, believe that the Commonwealth can and should be turned into a tight economic unit. The first reason, of course, why you cannot do this, is that nobody in the Commonwealth wants it done, but the second reason is that even if they did want it done, the result would be a most unbalanced and unsuitable unit for the simple reason that the Commonwealth contains a half of the under-developed population in the non-Communist world balanced by only a tenth of the developed population in the non-Communist world. To suggest that these two disparate units are naturally complementary is surely nonsense. The result could only be an increased and excessive strain upon our own economy and so far as the Commonwealth is concerned, to cut it off from the aid which it ought to get from many other countries. Sterling crises have undoubtedly been one of the major causes of our slow rate of growth over the past ten years. Our liability to them is greatly accentuated by the vastness of the rôle of sterling and the smallness of the reserves which back it. Today the prospect of a pooling of reserves on a world basis looks very slight. It has weakened as a result of Mr. Maudling’s visit to Washington in September. But, if we go in, the prospect of a pooling of European reserves would be a real one and if we could achieve this, it might make a critical difference to our prospect of a really sustained period of growth in this country.

THE POLITICAL CASE

I turn now to the political argument for going in. This, as I started by saying, is in my view more important than the economic one, but it is also more obvious and can therefore perhaps be dealt with a little more quickly. I put it, if I may, in the terms of two propositions: the first is that what happens in Europe is and must be of overwhelming importance to us in this country. Can anyone believe the reverse in view of the history of the past fifty years? If we could not contract out of Europe in 1914 or 1939 is it remotely likely that we should be able to contract out in the future? Therefore arguments about not liking Adenauer or not liking de Gaulle leave me completely cold. The greater one’s fear about what might happen in Europe, the greater the reason for going in and playing one’s part in preventing undesirable things happening. The only alternative course, it seems to me, is the quite untenable one of treating the Channel as a sort of cordon sanitaire, believing one can retire behind it and cut oneself off from anything which may happen in Europe. This is a view compounded of geographical and historical myopia in about equal proportions.

My second proposition is that we all desire the voice of this country to be as strong as possible in world affairs, but that we recognise that there have been changes in the pattern of world power which make it impossible for us to act on our own in the way that used to be perfectly possible. I do not believe that anybody, except the more obscur-
artist members of the League of Empire Loyalists, would dispute the second aspect of that, that our ability for independent action is much less than it used to be. This being so, whom do we act with. The Commonwealth, some would answer. I would say certainly, as a loose consultative unit based on mutual tolerance, of very different régimes with very different outlooks. But what is possible beyond that? Which Commonwealth country would put its relation with the United Kingdom as its first, exclusive interest in world affairs? I am afraid the answer is, practically none. Would Canada put it above North American solidarity? Would India put it above its desire to lead the uncommitted world? Would Ghana put it above its view about Pan-Africanism? I think the one exception may be New Zealand. But why should Commonwealth countries give an exclusive relationship to this country? And why should they indeed provided that they do not expect us to give an exclusive relationship to them. If we were to say, for instance, which I very much hope we would never do, that Indian neutrality was an act of disloyalty to the Commonwealth, this would be quite rightly violently resented in Delhi, as an act of intolerable interference on our part. But I think equally, it would be quite wrong for India, or for anybody on India's behalf, to say that for us to go into Europe on political grounds would be an act of disloyalty to them. So do not let us expect more from the Commonwealth than it is capable of giving. The value of the connections could be just as easily broken by overstrain as by neglect. Some people might answer, as an alternative to the Commonwealth, that we should co-operate especially closely with the United States on a North Atlantic basis. But, how great, I wonder, will be our power in Washington when the Six are in full working order, if we are still standing rather sulkily outside? I do not believe we should be too much influenced by American views on this, but it is no use pretending that it will help us to co-operate with the new frontiersmen in Washington if we remain extremely stubborn old frontiersmen in Europe. I have no doubt at all that if we remain outside, in the course of a few years the important axis of Western power, the decision-making axis, will run from Washington to Brussels, leaving us standing impotently outside.

Ah, but some people say, what power would we have even if we go into Europe? Will we not be in a permanent minority of one? I cannot understand the defeatism of those who take this view, particularly as many of them are the same people who often talk as though outside Europe we can easily balance the whole world on the fingers of one hand. Will we be in a permanent minority of one? What is the position in the Six at the moment? The Italians already make it absolutely clear that (perhaps being slightly restive under the Adenauer-de Gaulle partnership), they very much want us to come in and to work with us. The Dutch and the Belgians are not in a very different position, and in addition at least half of German opinion is extremely nervous about Adenauer's attitude at the present time. On top of this, we will
probably have the Norwegians and the Danes, with whom we are certainly used to working very closely, and the Irish, with whom we are perhaps not used to working quite so closely, but with whom, at least, we have had very intimate relations in the past, coming in when we do. In these circumstances, it seems to me much more likely that it would be the French rather than ourselves who would be in a semi-permanent minority of one. Therefore, while there are several important points of view on which I want to improve the terms of entry, I would not demand the dotting of every 'i' and the crossing of every 't' before we go in. Having made, as I see it, the major error, of not going to the Messina Conference in 1955 and being in the E.E.C. from the first, which would have been a much better and a much stronger position, I think that now, our bargaining position for the reasons I have given, is likely to be stronger when we are in, than in the process of going in. It is no good our pretending that as a latter day applicant for membership of the club, we can get the other members to turn the Treaty of Rome inside out to meet our convenience.

This leads me on to my final main point, the terms, and those for the Commonwealth in particular. In discussing these, I think it is important to distinguish three different strands of opposition. Mr. Jay, for instance, would, as I understand it, be against joining the E.E.C. even if the Commonwealth did not exist, because he is extremely suspicious of the whole spirit animating the European community. So far as our trading relationships are concerned he believes we should stay broadly as we are. That may be a tenable position, but it is a completely different one from that, for instance, put forward in the N.E.C. document at the present time which is firmly in favour of going in on the right terms.

Then there is the second view, of those who, the Commonwealth existing, believe that it is better for us to seek to build that up than to turn towards Europe. Now this view, unlike what I think is Mr. Jay's, I believe to be really totally untenable, and if one doubted this, I think one should ponder very carefully that whatever else came out of the Commonwealth Prime Ministers Conference, there was not a single suggestion for a closer Commonwealth economic or political union. I do not believe that there is any Commonwealth Prime Minister who sees the Commonwealth as being, for us, an effective alternative to the Common Market. They are certainly worried about not getting hurt in the process of our going in, but I think they can see the case for going in and they certainly do not put forward the Commonwealth as an alternative so far as we are concerned. This second view of course means that in the negotiations we should use the Commonwealth, not as something for which better terms should be arranged but as an excuse for not going in, as a reason to make the negotiations fail.

The third view, which I broadly share, is that it is in our interest to go in, and that being in our interest, it must be in the long term in the interest of the Commonwealth too; but that it is our duty to protect
Commonwealth interests as much as we possibly can while we do so. In certain circumstances, for instance if the safeguards for New Zealand turned out to be quite meaningless and valueless, I would think it was our duty to say that we would not go in. But I would certainly regard this as a defeat and not a victory, and something which I would face with extreme gloom. And it would be a defeat for the Commonwealth as well as a defeat for ourselves. This can be illustrated by India, and the major problems, probably the most important in the Commonwealth, which it presents. India very much wants a larger market for her cheap manufactures and the other Asian countries want the same. The terms the Six offered, are in my view not nearly as bad as is sometimes thought. Nevertheless, I think they should be improved, and I would very much like to see them improved. But we can really only help India to get these terms improved by negotiating on the basis of going in, because as a repository for the chief Indian and other Asian manufactures, the United Kingdom is not a big enough market, even assuming that there would not be a great outcry from Lancashire and Yorkshire for our market to be further restricted as these imports increase in the future. By all means let us fight and fight hard for legitimate Commonwealth interests. But it would be foolish for us to put ourselves in the position of being more pro-Commonwealth interests than the Commonwealth itself. And there are certain indications of this in the increasingly moderate statements made by a number of Commonwealth leaders since the end of the London Conference. I leave aside people like Dr. Eric Williams, the Socialist Prime Minister of Trinidad, who has been in favour throughout. But Mr. Nehru, Mr. Holyoake of New Zealand and his deputy Prime Minister, President Ayub Khan of Pakistan and a number of others have made increasingly moderate statements indicating that their opposition, granted a reasonable modification of the present terms, is not likely to be at all persistent. I would not like to see this Party fighting principally on the rather shaky plank of Commonwealth unity even at the best of times, but to do it in circumstances in which a very large part of the Commonwealth has deserted the plank, would be still less desirable, indeed almost ludicrous.

To sum up, my view is that the reasons for going in are a mixture of the political and the economic. The obstacles are exaggerated. The case against, while of course it exists, suffers, I think, from the great weakness that its upholders never proposed a feasible and constructive alternative.

Mr. Jay may claim that the United States Trade Expansion Act is just such an alternative, giving us the best of both worlds. I think he is wrong. In the first place, it is ironical that he with his bitter hostility to the E.E.C., should call this Act in aid, for it is indisputable that its inspiration stems directly from the achievements of the Community. More important, however, is the point that the Act can only apply with its full force—enabling the President to make a complete reciprocal abolition of certain industrial tariffs—if Britain is a member
of the Common Market. This provision, which does not mention Britain directly, but secures the same result indirectly by stipulating that for complete abolition 80 per cent. of the world's trade in the goods concerned must be accounted for by the U.S. and the E.E.C., has been in and out of the Act at various stages in its Congressional progress. But it is in at the final stage, and that is what counts. Furthermore, the Act will only apply at all in so far as the President chooses to use it, and he is much more likely to do this the bigger is the grouping comprised by the European Community. This solitary attempt at an alternative constructive solution cannot therefore be maintained. If we recall from Europe at the present time, there is, I think, a grave danger of this encouraging some of the most dangerous of our present national tendencies. The first of these is a persistent belief that the world must revolve around us, and that we must be the centre of it. That is why a distorted version of the Commonwealth relationship is so attractive to some people in this country. It can be seen as a solar system with ourselves as the sun—a sort of national consolation prize for the fact that we can no longer think of the whole world as in this relationship to us. The second dangerous tendency is an instinctive insularity buttressed by a complacent consciousness that we are superior to foreigners. That and the fear of change, not a great popular feeling for the Commonwealth, is the basis of much opposition in the country to the Common Market at the present time. Let us not deceive ourselves; many of those who are most hostile to Europe are also in many cases those who are really most hostile to the Commonwealth and particularly to the new Commonwealth. These are not feelings that a party of the left ought to encourage. Are we happy at the thought of marching into battle at the head of a motley crew composed of Beaverbrook imperialists, little Englanders, defenders of inefficient vested interests, and plain straight forward xenophobes? Let us, instead, recognise that Britain's power in the world as inevitably diminished, and that we must change with it, and that we can best achieve our objects in the future by co-operating with our power equals in the world, and by doing it with enthusiasm and not with a perpetual, nagging, backward-looking suspicion.
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